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TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDER OFFICE

BOSSIER AND WEBSTER PARISH, LOUISIANA

DECEMBER 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

8/6/08

TWENTY-SIXTH JUDICIAL DISTRICT
PUBLIC DEFENDER OFFICE
BOSSIER AND WEBSTER PARISH, LOUISIANA

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the financial performance of the Twenty-Sixth Judicial District Public Defender Office, Bossier and Webster Parish, provides an overview of the Office's financial activities for the year ended December 31, 2007. Please read it in conjunction with the Office's financial statements, which begin on Page 2.

USING THIS REPORT

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on Pages 2 and 3) provide information about the activities of the Public Defender Office as a whole and present a longer-term view of the Office's finances. For governmental activities, the fund statements tell how these services were financed in the short-term as well as what remains for future spending.

Reporting the Public Defender Office as a Whole

Our analysis of the Office as a whole begins on Page 2. One of the most important questions asked about the Office's finances is, "Is the Public Defender Office as a whole better off or worse off as a result of the period's activities?" The Statement of Net Assets and the Statement of Activities report information about the Office as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current period's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Office's *net assets* and changes in them. You can think of the Office's net assets - the difference between assets and liabilities - as one way to measure the Office's financial health, or *financial position*. Over time, *increases or decreases* in the Office's net assets are one indicator of whether its *financial health* is improving or deteriorating.

Reporting the Office's Most Significant Funds

The fund financial statements begin on Page 2 and provide detailed information about the most significant funds - not the Office as a whole. Some funds are required to be established by State law and by bond covenants.

Governmental funds (General Fund) - All of the Office's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at period-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Office's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Office's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation included on the financial statements and in Note 1.

THE PUBLIC DEFENDER OFFICE AS A WHOLE

The figures reflecting net assets can be used to indicate the Office's financial position at that time or over a period of time. At the close of the most recent fiscal period, the Office's net assets totaled \$1,620,136. Of this figure, \$455,683 (28%) is its investment in capital assets such as buildings, equipment, furniture, library, computers, etc. The remaining portion of net assets, \$1,164,453 (72%) is unrestricted assets that are available to provide services to the citizens the Office was established to serve in Bossier and Webster Parish. The Office's total net assets changed from December 31, 2006, increasing by \$555,596, or 52%.

THE OFFICE'S FUNDS

The governmental activities of the Office include all activities of the Office as required by law and are funded by court costs, fees paid by defendants, and grants from the state LIDAB. Major expenditures of the Office, as well as revenues, for the year ended December 31, 2007 and 2006 are shown below.

	<u>2007</u>	<u>2006</u>
Expenditures:		
Salaries and related benefits	1,054,619	599,585
Operating services	319,692	178,802
Travel and professional development	6,647	2,709
Depreciation	<u>18,147</u>	<u>12,070</u>
Total expenditures	1,399,105	793,166
Revenues:		
Court costs (fines and forfeitures)	1,005,355	594,378
Court ordered fees	74,309	45,061
State grants	849,271	600,859
Other income	<u>25,766</u>	<u>14,237</u>
Total revenues	<u>1,954,701</u>	<u>1,254,535</u>
Change in net assets	<u>555,596</u>	<u>461,369</u>

Total revenues increased \$700,166, from total revenues in 2006 of \$1,254,535 to total revenues of \$1,954,701 in 2007.

In addition, total expenses increased by \$605,939, from \$793,116 in 2006 to \$1,399,105 in 2007.

CAPITAL ASSET ADMINISTRATION

The Office's capital asset investment assists in carrying out the mandated functions of the Office. This investment, net of allowance for depreciation, as of December 31, 2007 was \$455,683. This investment includes buildings, equipment, and fixtures. There were capital asset additions for the year ended December 31, 2007 in the amount of \$15,562, which was additional computer equipment.

CONTACTING THE OFFICE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Office's finances and to show the Office's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Twenty-Sixth Judicial District Public Defender Office's office at 211 Burt Boulevard, Benton, Louisiana 71006.

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June 25, 2008

The Chief Defender
Twenty-Sixth Judicial District Public Defender Office
Bossier and Webster Parish, Louisiana

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the Twenty-Sixth Judicial District Public Defender Office as of and for the year ended December 31, 2007, which collectively comprise the Office's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Twenty-Sixth Judicial District Public Defender Office's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Twenty-Sixth Judicial District Public Defender Office as of December 31, 2007, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis information on Pages i through ii, and budgetary comparison information on Pages 12 and 13, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying other supplemental schedule, consisting of the schedule of compensation paid to board members on Page 14, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Twenty-Sixth Judicial District Public Defender Office. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

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TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDER OFFICE

GOVERNMENT WIDE STATEMENT OF NET ASSETS

DECEMBER 31, 2007

<u>ASSETS</u>	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash	139,992	-	139,992
Investments	698,442	-	698,442
Receivables	331,919	-	331,919
Capital assets, net of allowance for depreciation	-	455,683	455,683
Total assets	<u>1,170,353</u>	<u>455,683</u>	<u>1,626,036</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Accounts, salaries, and other payables	4,148	<u>1,752</u>	5,900
<u>Fund balances:</u>			
Unreserved, undesignated	<u>1,166,205</u>		
Total liabilities and fund balances	<u>1,170,353</u>		
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt			455,683
Unrestricted			<u>1,164,453</u>
Total net assets			<u>1,620,136</u>
Total liabilities and net assets			<u>1,626,036</u>

The accompanying notes are an integral part of the financial statements.

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDER OFFICE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<u>Expenditures/Expenses:</u>			
Judiciary:			
Personal services	766,571	-	766,571
Related benefits	288,048	-	288,048
Travel and professional development	6,647	-	6,647
Operating services	345,795	26,103	319,692
Depreciation	-	(18,147)	18,147
Total expenditures/expenses	1,407,061	7,956	1,399,105
<u>Program revenues:</u>			
Charges for services	74,309	-	74,309
Other charges	1,005,355	-	1,005,355
Net program revenues	1,079,664	-	1,079,664
<u>General revenues:</u>			
State grants	849,271	-	849,271
Investment earnings	25,448	-	25,448
Miscellaneous	318	-	318
Total general revenues	875,037	-	875,037
<u>Excess of revenues over expenditures/ expenses</u>	547,640	7,956	-
<u>Change in net assets</u>	-	-	555,596
<u>Fund balance/net assets:</u>			
Beginning of year	618,565	445,975	1,064,540
End of year	1,166,205	453,931	1,620,136

The accompanying notes are an integral part of the financial statements.

TWENTY-SIXTH JUDICIAL DISTRICT
PUBLIC DEFENDER OFFICE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2007

Introduction

The Twenty-Sixth Judicial District Public Defender Office was established in compliance with Louisiana Revised Statutes 15:144-149 to provide and compensate counsel appointed to represent indigents in criminal and quasi-criminal cases on the district court level. The Judicial District encompasses the parishes of Bossier and Webster, Louisiana.

As of August 15, 2007, the indigent defender boards in each judicial district were dissolved, and new law created within each judicial district an indigent defender fund which is now administered by the district public defender. New law provides that any surplus monies in the judicial district indigent defender fund on August 15, 2007, will be retained in that judicial district to be used solely and exclusively for purposes of delivering indigent defender services in that judicial district. In addition, effective August 15, 2007, the Indigent Defender Board will now be referred to as the Public Defender Office.

The District Board of the Twenty-Sixth Judicial District was approved by the judges of the District and was comprised of five members through August 15, 2007. The board members were not compensated for their services; however, they were eligible to obtain health insurance for which the Office paid the premium.

The Twenty-Sixth Judicial District Fund is domiciled in Bossier Parish, Benton, Louisiana. All records of proceedings and official actions (all paper, documents, and records) are kept in Benton, Louisiana.

The Twenty-Sixth Judicial District Public Defender Office employs 24 people. There are 19 employees at the Bossier Parish office and 5 employees at the Webster Parish office. All employees are salaried, except for one part-time employee who is hourly.

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying basic financial statements of the Twenty-Sixth Judicial District Public Defender Office have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999.

Financial Reporting Entity

For financial reporting purposes, in conformity with GASB Statement No. 14, the Twenty-Sixth Judicial District Public Defender Office was a part of the District Court System of the State of Louisiana. However, the state statutes that create the district boards also gave each of the boards control over all of their operations. This includes the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. The Public Defender Office is financially independent and operates autonomously from the State of Louisiana and independently from the District Court System. Therefore, the Office reports as an independent reporting entity and the financial statements include only the transactions of the Twenty-Sixth Judicial District Public Defender Office.

1. **Summary of Significant Accounting Policies** (Continued)

Fund Accounting

The Public Defender Office uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain board functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds account for all of the Public Defender Office's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Office. The following are the Office's governmental funds:

General Fund: The General Fund is the primary operating fund of the Public Defender Office and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to board policy.

Measurement Focus and Basis of Accounting

Fund Financial Statements

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Public Defender Office operations.

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Public Defender Office considers all revenues available if they are collected within 30 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues: Court costs on fines and forfeitures imposed by the district and city courts are recorded in the year they are collected by the tax collectors and city courts within the judicial district. Interest earned in investments is recorded when the investments have matured and the income is available. Grants are recorded as revenue during the period in which the related expenditures are incurred. Substantially all other revenues are recorded when received.

Expenditures: Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

1. Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements

The column labeled Statement of Net Assets and the column labeled Statement of Activities display information about the Office as a whole. These statements include all of the financial activities of the Public Defender Office. Information contained in these columns reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program revenues included in the column labeled Statement of Activities are derived directly from board users as a fee for services. Program revenues reduce the cost of the function to be financed from the Office's general revenues.

The reconciliation of the items reflected in the fund column to the Statement of Net Assets and Statement of Activities and are as follows:

Fund Balance, Governmental Funds	1,166,205
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	455,683
Liabilities that are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(1,752)</u>
Net Assets of Governmental Activities	<u>1,620,136</u>
Net Change in Fund Balance, Governmental Funds	547,640
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	10,542
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	<u>(2,586)</u>
Change in Net Assets of Governmental Activities	<u>555,596</u>

1. **Summary of Significant Accounting Policies** (Continued)

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of three months or less from the date of acquisition. Under state law, the Public Defender Office may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments

Investments are limited by Louisiana Revised Statute 33:2955 and the Office's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments held at December 31, 2007, included \$342,764 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB codification 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and, therefore, not evidenced by securities that exist in physical or book entry form.

LAMP, a local government investment pool, is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment Grade (A-1/P-1) commercial paper of domestic United State corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with an excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

1. **Summary of Significant Accounting Policies** (Continued)

Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets and their estimated fair market value at the date of donation. The Public Defender Office maintains a threshold level of \$2,500 or more for capitalizing capital assets. For capital asset additions over \$10,000, State Board approval is required.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	10-30 years
Buildings and building improvements	10-40 years
Furniture and fixtures	5-15 years
Vehicles	5 years

Compensated Absences

The Public Defender Office does not provide for the accumulated and vesting of paid leave beyond the year in which it is earned.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Estimates

The preparation of financial statements in conformity in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. **Budgets**

The Public Defender Office followed the following budget practices, as of December 31, 2007:

- (a) The Chief Defender prepares a proposed budget and submits same to the Louisiana Public Defender Board no later than fifteen days prior to the beginning of each fiscal year.
- (b) The public is notified that the proposed budget was available for public inspection. At the same time, a public hearing is called.

2. **Budgets** (Continued)

- (c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted prior to the commencement of the fiscal year for which the budget is being adopted.
- (d) Prior to August 15, 2007, budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated required the approval of the Board. Effective August 15, 2007 with the enactment of new law, these approvals are now submitted to State Board.
- (e) Budgetary appropriations lapse at the end of each fiscal year.

The budget for the General Fund was adopted on a budgetary basis-cash for the year ended December 31, 2007.

3. **Cash and Cash Equivalents**

At December 31, 2007, the Public Defender Office had cash and cash equivalents (book balances) as follows:

Demand deposits	139,860
Interest-bearing demand deposits	<u>132</u>
	<u>139,992</u>

These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that, in the event of a bank failure, the Office's deposits might not be recovered. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2007, the Public Defender Office had approximately \$637,000 in deposits (collected bank balances). These deposits are secured from risk by \$300,000 of federal deposit insurance and approximately \$337,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Public Defender Office that the fiscal agent has failed to pay deposited funds upon demand.

4. **Investments**

Louisiana Revised Statutes and the Public Defender Office's investment policy govern the procedures to be followed and the types of allowable securities to be purchased by the board. Under state law, the Public Defender Office is authorized to invest in United States bonds, treasury notes, or certificates. The Office has no specific policy defining levels of risk and amounts of investments they invest at any given time. Investments are categorized into these three categories of credit risk:

4. **Investments** (Continued)

1. Insured or registered, or securities held by the Public Defender Office or its agent in the Office's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Office's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Office's name.

Certificates of deposit held by the Office are classified as a Category 3 investment. At December 31, 2007, the fair value/carrying amount was \$355,678.

Investments not subject to categorization include investments in an external investment pool. At December 31, 2007, the fair value/carrying amount was \$342,764.

5. **Receivables**

Receivables of \$319,477 at December 31, 2007 are classified as Program Revenues, Other Charges in the general fund. The remaining balance of \$12,442 is accrued interest receivable.

All receivables are considered fully collectible and, therefore, no allowance for uncollectible amounts is provided. If amounts become uncollectible, they are charged to operations when that determination is made.

6. **Capital Assets**

Capital assets and depreciation activity as of and for the year ended December 31, 2007, are as follows:

	Beginning Balance <u>1/1/2007</u>	<u>Increase</u>	<u>Decrease</u>	Ending Balance <u>12/31/2007</u>
Governmental Activities:				
Buildings	500,252	-	-	500,252
Furniture and equipment	<u>67,878</u>	<u>15,562</u>	<u>-</u>	<u>83,440</u>
Total	568,130	15,562	-	583,692
Less accumulated depreciation				
Buildings	51,068	12,506	-	63,574
Furniture and equipment	<u>58,793</u>	<u>5,642</u>	<u>-</u>	<u>64,434</u>
Total	<u>109,861</u>	<u>18,148</u>	<u>-</u>	<u>128,008</u>
Capital assets, net	<u>458,269</u>	<u>(2,586)</u>	<u>-</u>	<u>455,683</u>

7. **Pension Plan**

Substantially all of the Public Defender Office's employees participate in the federal social security program. The Public Defender Office is required to remit an amount to the Social Security Administration equal to the employee's contribution. The Public Defender Office does not guarantee any of the benefits granted by the Social Security Administration.

7. Pension Plan (Continued)

The Twenty-Sixth Judicial District Public Defender Office established a SIMPLE Individual Retirement Account Plan for its employees effective May 1, 1998. Under the plan, an employee must be eligible to participate in any calendar year if he or she received at least \$5,000 of compensation from the employer during each of the two preceding calendar years and is reasonably expected to receive at least \$5,000 in compensation during the current calendar year. Elective contributions are limited to \$9,000 for 2007, and may be matched by the employer. Under the arrangement, each eligible employee has the right to elect, during the 60-day period preceding the beginning of any calendar year to participate in the arrangement for that calendar year or to modify the amount of his or her elective contributions for that year. An employee may terminate participation in the arrangement at any time during a calendar year. For the year ended December 31, 2007, the Public Defender Office satisfied its matching contribution requirement by electing to make matching contributions of 3% of compensation for each employee who was eligible to participate. The employee's right to both elective contributions and matching contributions is fully vested at all times. The plan does not contain any employer-imposed prohibition on withdrawals from the account. The amount of employer contributions for the period was \$11,656.

8. Accounts, Salaries, and Other Payables

The payables of \$4,148 at December 31, 2007 are considered to be accounts payable.

9. Leases

The Public Defender Office leased one copy machine under a month-to-month operating lease. The minimum monthly lease payment is \$169. There are no minimum annual commitments under these agreements.

REQUIRED SUPPLEMENTAL INFORMATION

TWENTY-SIXTH JUDICIAL DISTRICT
PUBLIC DEFENDER OFFICE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007
(Unaudited)

	<u>Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Budget to Actual Differences</u>
<u>Revenues:</u>			
Fines and forfeitures	883,731	1,005,355	121,624
Fees from indigents	79,000	74,309	(4,691)
State grants	266,235	849,271	583,036
Interest income	1,000	25,448	24,448
Miscellaneous	<u>3,500</u>	<u>318</u>	<u>(3,182)</u>
Total revenues	1,233,466	1,954,701	721,235
<u>Expenditures:</u>			
Salaries and appointed counsel	681,500	767,227	85,727
Computer software and expense	1,500	9,277	7,777
Employer contributions to Simple IRA	10,000	11,636	1,636
Payroll taxes	64,000	57,299	(6,701)
Professional services	80,000	148,918	68,918
Expert witness and testing	43,699	29,339	(14,360)
Office supplies and expense	11,000	31,530	20,530
Law library	4,750	6,961	2,211
Travel	365	5,953	5,588
Telephone and utilities	15,100	13,605	(1,495)
Accounting	10,300	10,955	655
Equipment rental and maintenance	4,840	14,685	9,845
Conventions and conferences	7,500	974	(6,526)
Court reports	30,000	17,573	(12,427)
Insurance	263,950	245,605	(18,345)
Capital outlay	2,000	31,824	29,824
Other	<u>2,962</u>	<u>3,700</u>	<u>738</u>
Total expenditures	<u>1,233,466</u>	<u>1,407,061</u>	<u>173,595</u>
<u>Excess of revenues over expenditures</u>		547,640	894,830
<u>Fund balance at January 1, 2007</u>	<u>565,373</u>	<u>618,565</u>	<u>53,192</u>
<u>Fund balance at December 31, 2007</u>	<u>565,373</u>	<u>1,166,205</u>	<u>948,022</u>

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDER OFFICE

NOTES TO BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2007
(Unaudited)

1. Budget
Refer to Note 1 of the government-wide financial statements for details regarding the budget process.
2. Excess of Expenditures over Budget
Actual expenditures materially exceeded budgeted expenditures as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
Salaries and appointed counsel	681,500	767,227	85,727
Computer software and expense	1,500	9,277	7,777
Professional services	80,000	148,918	68,918
Office supplies and expense	11,000	31,530	20,530
Equipment rental and maintenance	4,840	14,685	9,845
Capital outlay	29,824	31,824	29,824

The unfavorable variance in salaries and appointed counsel is due to contract attorneys becoming staff effective in October 2007. The unfavorable variance in professional services was attributed to the fact that it is difficult to budget for the number and type of cases that will require expert witnesses and other professionals needed to defend a case. In addition, the state mandated that the Office handle more cases. The state board did subsidize these additional costs in 2007. The unfavorable variance in the other categories were attributed to the fact that unforeseen maintenance and office needs arise that cannot be budgeted for in the prior year.

OTHER SUPPLEMENTAL SCHEDULES

TWENTY-SIXTH JUDICIAL DISTRICT
PUBLIC DEFENDER OFFICE
COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2007

No board members received a per diem from the Indigent Defender Board. Board members, however, were eligible to obtain health insurance for which the Board paid the premium. The premiums paid on behalf of these board members by the Indigent Defender Board for the seven and one-half months ended August 15, 2007, are as follows:

<u>Office Member</u>	<u>Position</u>	
A. Richard Snell, Bossier City, Louisiana	Chairman	11,880
John D. Johnson, Minden, Louisiana	Vice-Chairman	10,829
James D. Southerland, Benton, Louisiana	Treasurer	-
James Johnson, Minden, Louisiana	Member	10,673
Jacqueline Scott, Bossier City, Louisiana	Member	<u>7,716</u>
Total		<u>41,098</u>

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

June 25, 2008

The Chief Defender
Twenty-Sixth Judicial District Public Defender Office
Bossier and Webster Parish, Louisiana

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

We have audited the financial statements of the Twenty-Sixth Judicial District Public Defender Office as of and for the year ended December 31, 2007, and have issued our report thereon dated June 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Public Defender Office's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiency described above, we consider it to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Twenty-Sixth Judicial District Public Defender Office's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Chief Defender, management, and the Office of the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties.

Heard, McElroy & Vestal, LLP

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDER OFFICE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2007

We have audited the financial statements of the Twenty-Sixth Judicial District Public Defender Office as of and for the year ended December 31, 2007, and have issued our report thereon dated June 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2007 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements —

07-01 Internal Controls With Regards to Financial Reporting - (Prior year Finding 06-01)

As is common in small operations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the annual financial statements. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established, nor has management demonstrated an ability to perform these functions in-house. Under generally accepted auditing standards, this condition represents a control deficiency that is also considered to be a material weakness in internal controls.

Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Compliance - No material noncompliance was noted.

b. Federal Awards - No major program.

Section II - Financial Statement Findings

No matters were reported.